

**AR45**

# **Reid Lithographing Company Limited**



**Annual Report  
1971**



# Directors and Officers

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<b>Directors</b>	D. G. WILLMOT, Toronto, Ontario
	S. A. ALLAN, Hamilton, Ontario
	J. R. SOUTH, Toronto, Ontario
	J. P. HUDSON, Toronto, Ontario
	E. H. ORSER, Montreal, Quebec
	A. E. CHAPMAN, Toronto, Ontario
	G. H. GREENHOUGH, Burlington, Ontario

**Officers** S. A. ALLAN, M.B.E.,  
*Chairman of the Board*

G. H. GREENHOUGH, R.I.A., F.C.I.S.,  
*President and Secretary-Treasurer*

**Head Office** P.O. Box 133, Station "B"  
Cavell Avenue,  
Hamilton, Ontario

**Auditors** Clarkson, Gordon & Co., Hamilton, Ontario

**Registrar, Transfer  
and Dividend  
Disbursing Agent** Canada Permanent Trust Company

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## Report to the Shareholders

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Nineteen Seventy-One was a satisfactory though difficult year for your Company and its wholly-owned subsidiary, Reid Press Limited, largely as a result of a reduced sales volume over the previous year.

Sales for the year of \$7,049,467 fell back 8.0% from sales of 1970, and after tax profits declined 7.1%. Reduced sales were due in large part to the loss of an important and long-standing customer who at the first of 1971 acquired its own lithographing facilities.

Net earnings, after taxes, amounted to \$336,427 or \$1.96 per common share compared with \$362,163 or \$2.12 a share in the previous year after providing for preference share dividends. Quarterly Reports have informed our shareholders of this trend during the year.

Dividends paid during 1971 amounted to \$130,183 of which \$3.12½ per annum was applied to each preference share and 13¢ per common share for the first quarter and 15¢ per common share for the remaining three quarters.

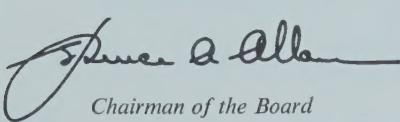
Operating economies, a lower rate of income tax and some adjustment in selling prices all tended to offset the increases in cost of raw materials and labour rates.

Bond indebtedness stands at \$362,000 as at December 31, 1971 after the annual payment of \$32,000 on principal.

Equipment was added during the year amounting to \$130,164. To maintain our quality production and in anticipation of future volume your Directors have approved the purchase of a new four-colour offset press which is presently being installed.

Although the first quarter of 1972 has shown no significant improvement, your Management anticipates a marked up-swing as the year progresses.

All personnel, both Plant and Office have performed their duties diligently and faithfully and are sincerely thanked by the Directors and Management.



Spencer A. Allen

Chairman of the Board



Fred. Lambugh

President

# Reid Lithographing Company Limited

(Incorporated under the laws of Ontario)

and its wholly-owned subsidiary

## Reid Press Limited

### CONSOLIDATED

DECEMBER

(with comparative figures)

#### ASSETS

1971

1970

##### CURRENT:

Accounts receivable		
(less allowance for doubtful accounts) . . . . .	\$ 533,043	\$ 627,400
Income taxes recoverable . . . . .	27,470	—
Inventories (note 1) . . . . .	1,337,559	1,526,074
Prepaid expenses . . . . .	17,602	18,669
Cash surrender value of life insurance . . . . .	56,864	54,222
Total current assets . . . . .	1,972,538	2,226,365

##### FIXED — at cost (note 2):

Land, buildings and equipment . . . . .	3,767,710	3,650,647
Less accumulated depreciation . . . . .	2,210,037	2,039,871
	1,557,673	1,610,776

##### OTHER:

Bond discount and issue expenses		
less amounts written off . . . . .	10,313	12,341
Other assets . . . . .	3,000	6,159

On behalf of the Board:

S. A. ALLAN, *Director*  
G. H. GREENHOUGH, *Director*

\$3,543,524      \$3,855,641

#### AUDITORS' REPORT

TO THE SHAREHOLDERS OF  
REID LITHOGRAPHING COMPANY LIMITED:

We have examined the consolidated balance sheet of Reid Lithographing Company Limited and its subsidiary company, Reid Press Limited, as at December 31, 1971 and the consolidated statements of income and retained earnings and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

# ANCE SHEET

1971

(December 31, 1970)

## LIABILITIES

	<u>1971</u>	<u>1970</u>
<b>CURRENT:</b>		
Bank indebtedness		
(secured by pledge of accounts receivable) . . . . .	\$ 118,920	\$ 453,330
Accounts payable and accrued charges . . . . .	187,845	233,922
Income and other taxes payable . . . . .	—	73,874
Sinking fund instalment due within one year . . . . .	32,000	32,000
Total current liabilities . . . . .	338,765	793,126
<b>FUNDED DEBT (note 3):</b>		
6 1/4% first mortgage sinking fund bonds series A of Reid Press Limited due February 15, 1982 . . . . .	362,000	394,000
Less sinking fund instalment due February 15, 1972 . . . . .	32,000	32,000
	330,000	362,000
<b>DEFERRED INCOME TAXES</b> . . . . .	277,000	294,000
<b>SHAREHOLDERS' EQUITY:</b>		
Capital stock (note 4) —		
Authorized less redeemed:		
47,720 preference shares with a par value of \$50 each issuable in series		
200,000 common shares without par value		
Issued:		
13,720 6 1/4% cumulative redeemable preference shares, series A . . . . .	686,000	701,000
149,621 common shares . . . . .	479,696	479,696
	1,165,696	1,180,696
Retained earnings (statement 2) . . . . .	1,432,063	1,225,819
	2,597,759	2,406,515
	<u>\$3,543,524</u>	<u>\$3,855,641</u>

In our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31, 1971 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Hamilton, Canada  
February 9, 1972

CLARKSON, GORDON & CO.  
Chartered Accountants

# Consolidated Statement of Income and Retained Earnings

for year ended December 31, 1971

## Reid Lithographing Company Limited (with comparative figures for 1970)

	1971	1970
<b>INCOME</b>		
Sales . . . . .	\$7,049,467	\$7,663,511
Cost of sales. . . . .	<u>5,546,666</u>	<u>6,106,014</u>
Gross income . . . . .	<u>1,502,801</u>	<u>1,557,497</u>
Expenses:		
Selling and distribution . . . . .	487,871	466,087
Management, office and general . . . . .	287,436	251,627
	<u>775,307</u>	<u>717,714</u>
Operating income . . . . .	<u>727,494</u>	<u>839,783</u>
Funded debt and other interest charges:		
Bond interest . . . . .	22,875	24,875
Bond discount and issue expenses written off . . . . .	2,028	2,206
Bank and other interest . . . . .	21,764	40,239
	<u>46,667</u>	<u>67,320</u>
Income before taxes thereon. . . . .	<u>680,827</u>	<u>772,463</u>
Income taxes . . . . .	<u>344,400</u>	<u>410,300</u>
Net income for year . . . . .	<u>\$ 336,427</u>	<u>\$ 362,163</u>
Earnings per common share . . . . .	<u>\$ 1.96</u>	<u>\$ 2.12</u>
<b>RETAINED EARNINGS</b>		
Retained earnings beginning of year . . . . .	\$1,225,819	\$1,072,564
Organization and share issue expenses written off . . . . .	<u>—</u>	<u>91,331</u>
	<u>1,225,819</u>	<u>981,233</u>
Net income for year . . . . .	<u>336,427</u>	<u>362,163</u>
	<u>1,562,246</u>	<u>1,343,396</u>
Dividends paid:		
Preference shares — 6 1/4% . . . . .	43,403	44,263
Common shares — 58¢ per share in 1971 (49¢ in 1970) . . . . .	86,780	73,314
	<u>130,183</u>	<u>117,577</u>
Retained earnings end of year . . . . .	<u>\$1,432,063</u>	<u>\$1,225,819</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### (1) Inventories —

The inventories are valued at the lower of cost and net realizable value and consist of the following:

	1971	1970
Raw materials . . . . .	\$ 135,855	\$ 306,571
Work in process . . . . .	597,103	551,445
Finished goods . . . . .	552,391	617,313
Factory supplies . . . . .	52,210	50,745
	<u>\$1,337,559</u>	<u>\$1,526,074</u>

### (2) Fixed assets —

The major categories of fixed assets are as follows:

	December 31, 1971			Net depreciated value December 31 1970
	Cost	Accumulated depreciation	Net depreciated value	
Land . . . . .	\$ 59,805	\$ 59,805	\$ 59,805	\$ 59,805
Buildings . . . . .	627,042	\$ 227,135	399,907	417,990
Equipment . . . . .	3,080,863	1,982,902	1,097,961	1,132,981
	<u>\$3,767,710</u>	<u>\$2,210,037</u>	<u>\$1,557,673</u>	<u>\$1,610,776</u>

# Consolidated Statement of Source and Application of Funds

for year ended December 31, 1971

## Reid Lithographing Company Limited (with comparative figures for 1970)

	<u>1971</u>	<u>1970</u>
<b>SOURCE OF FUNDS</b>		
Operations —		
Net income for year . . . . .	\$ 336,427	\$ 362,163
Add (deduct):		
Depreciation . . . . .	183,267	184,768
Amortization of other assets . . . . .	5,187	8,206
Deferred income taxes . . . . .	(17,000)	(12,000)
Discount on purchase of preference shares . . .	<u>(2,912)</u>	<u>(3,506)</u>
	504,969	539,631
Decrease in other assets . . . . .	—	1,986
	504,969	541,617
<b>APPLICATION OF FUNDS</b>		
Acquisition of fixed assets (net) . . . . .	130,164	257,212
Payments on funded debt . . . . .	32,000	32,000
Dividends to shareholders . . . . .	130,183	117,577
Purchase of series A preference shares . . . .	12,088	16,494
	304,435	423,283
Increase in working capital . . . . .	200,534	118,334
Working capital at beginning of year . . . . .	1,433,239	1,314,905
Working capital at end of year . . . . .	<u>\$1,633,773</u>	<u>\$1,433,239</u>

Depreciation of \$183,267 (1970 — \$184,768) has been provided on a "straight-line" basis, except for certain vehicles depreciated on the declining balance method, at rates which will amortize the costs of the assets over their estimated useful life.

(3) Funded debt —

The 6 1/4% first mortgage sinking fund bonds series A of Reid Press Limited require annual sinking fund payments of \$32,000 in 1972 and \$33,000 from 1973 to 1981 inclusive.

(4) Capital stock —

The series A preference shares are redeemable at \$52.50 per share. During 1971, 300 series A preference shares were purchased for cancellation for cash, \$12,088.

(5) Statutory information —

The aggregate direct remuneration paid to the directors and senior officers of the company, as defined by the Business Corporations Act of Ontario, in 1971 amounted to \$61,674.

(6) Commitments —

At the year-end the company's subsidiary was committed to purchase fixed assets in the amount of approximately \$470,000.

# **Products of Reid Press Limited**

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## **FOLDING CARTONS**

to contain nationally advertised brands of such consumer products as Breakfast Cereals, Cake Mixes, Cookies, Biscuits, Facial Tissues, Sanitary Napkins, Powdered Milk, Soaps and Detergents, Pet Foods, Chewing Gum and Candy, Cigarettes, etc.

“MARKSMAN” high-speed packaging system for multiple wrapping of bottles or cans for the Beverage and Canned Food Industries.

“TUK-FRAME” is a highly sophisticated display carton for drug, cosmetic and toiletry packaging. It frames the product with shadow-box effect for eye-catching shelf display.

“PACK-EDG” — a carton incorporating a reclosing feature particularly suitable for some items of retail trade.

## **LABELS**

for Canned Fruits, Vegetables, Meat, Milk, Pet Food, Fruit Juices and Beverages. Labels for the Chewing Gum and Confectionary Industry. Labels for the Brewing, Milling, Cosmetics and Tobacco Industries.

## **MISCELLANEOUS**

Paper Coupons, Inserts, Advertising Displays, Road Maps, Catalogues and Cook Books. Wrappers for prepared Meats. Wrappers for Garment Boxes, etc.

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